

# IRS News Release

---

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

[www.irs.gov/newsroom](http://www.irs.gov/newsroom)Public Contact: 800.829.1040

---

## IRS Reminds Certain Taxpayers of Nov. 10 Deadline

IR-2004-134 Nov. 8, 2004

WASHINGTON — The Internal Revenue Service reminds taxpayers who were on qualified extended duty in the U.S. Uniformed Services or the Foreign Service that the period to file an amended return to recoup capital gains taxes paid as the result of the sale of a personal residence ends on November 10, 2004, for homes sold before 2001.

The Military Family Relief Tax Act of 2003 allows persons on qualified extended duty in the U.S. Uniformed Services or the Foreign Service to suspend the five-year test period that applies to the sale of a personal residence for up to 10 years of such duty time. A taxpayer is on qualified extended duty when at a duty station that is at least 50 miles from the residence sold, or when residing under orders in government housing, for more than 90 days or for an indefinite period.

Generally, taxpayers may exclude up to \$250,000 of gain on a home sale (\$500,000 on a joint return), provided they have owned and used the home as a principal residence for two of the five years before the sale. A reduced maximum exclusion may apply to those who satisfy part of the two-year rule. Military personnel often retain ownership of a home while away on duty but eventually sell it without returning to live in it, perhaps failing the use test completely.

This change applies to home sales after May 6, 1997. A taxpayer may use this provision for only one property at a time and may exclude gain on only one home sale in any two-year period. Although an amended return must usually be filed within three years of the original return's due date, the law gives qualifying taxpayers who sold a home before 2001 until Nov. 10, 2004, to file an amended return claiming the exclusion. Military personnel and individuals in support of the U.S. Armed Forces serving in a combat zone are entitled to additional time to amend their returns.